

UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO

IN RE:

RAMON EUSEBIO NAVEDO RIVERA
TANIA ORONA JIMENEZ

DEBTOR

CASE NO. 11-00716 BKT

CHAPTER 12

PAYMENT PROPOSAL TO

I. CLASS 1 – TRUSTEE ADMINISTRATIVE

The Chapter 12 trustee shall receive and retain as the trustee's percentage fee under this plan an amount equal to ten percent (10%) of all payments distributed by the trustee pursuant to the plan with respect to payments in an aggregate amount not to exceed \$450,000.00, five percent (5%) of all payments distributed by the trustee pursuant to the plan with respect to payments in an aggregate amount higher than the \$450,000.01 but in excess of \$1,000,000.00 and reasonable compensation not to exceed three percent (3%) of all payments distributed by the trustee pursuant to the plan with respect to payments in an aggregate amount that exceeds the before mentioned amount of \$1,000,000.00.

II. CLASS 2 – ADMINISTRATIVE EXPENSES

Shall consist of Allowed Administrative Expense Claims, as provided under Section 503 of the Code. This class shall be paid by the trustee in cash and in full as soon as practicable, on the later of (a) the Effective Date or (b) during the first year following the confirmation of the plan. These payments will be made by the Chapter 12 trustee.

III. CLASS 3- BANCO POPULAR PUERTO RICO – SECURED NOTES

This creditor's legal and equitable interest on the secured amounts will be modified upon the confirmation of this plan. Considering the value of the properties serving as

collateral for this claim, the secured amount under this class as of the date of filing of the instant petition shall be \$2,837,335.84. Claim No. 1 for \$43,649.76 will be paid in full by the Chapter 12 Trustee through the plan. Debtors will surrender one of the real properties listed in Schedule A to Banco Popular Puerto Rico. At the moment, Debtors cannot determine which of the real property is the one to be surrendered since there is confusion regarding the description in the Public Registry and the information provided from the documents and maps of Centro de Recaudacion Ingresos Municipales, herein CRIM. The confusion arises from the maps used in CRIM and the description provided in the deed when the loan was acquired.

It is Debtors, understanding and as reflected in the dairy farms blueprints, the dairy Farm operation is in the lot of land compose of 75 cuerdas, registered at the Public Registry of San Sebastian, farm number 15,184, at Page 257, Volume 288, but in accordance to the bank records the operation is situated in the lot of land of 50 cuerdas, registered at the Public Registry of San Sebastian, farm number 15,188, at Page 218, Volume 288.

Debtors have contacted a land surveyor and have visited the Federal Department of Agriculture and the CRIM's regional office to ascertain the property where the dairy farm is located and property where the dairy farm structure in and as to which lot is occupying the Dairy Farm structures.

It is Debtors intention to surrender the vacant lot. It is Debtors understanding that the vacant lot is the one compose of 50 cuerdas registered at the Public Registry of San Sebastian, farm number 15,188, at Page 218, Volume 288, valued in accordance to the appraisal herein submitted as **Exhibit F** in \$750,000.00, amount to be applied to the debt owe to creditor Banco Popular Puerto Rico. **Upon the result of the land survey, Debtors will revise the plan as needed in order to reflect the correct property to be surrendered to Banco Popular Puerto Rico and the amount to be applied to the loan.**

As a result of the surrendering of the property described above, the debt will be reduced to the amount \$2,087,335.84. In regards to the mentioned remaining balance the same will be paid as follows:

(i.) Creditor will receive during the first **seven (7)** months of the plan the amount of \$4,400.00, meaning from May 2011 up to **November** 2011. After the **seven (7)** months elapse, Creditor will start receiving the restructured payment as established below.

Debt Balance Restructuring Upon Confirmation – On the effective date of the plan, the outstanding secured debt of this creditor, considering interim payments due to this creditor and personal property as described herein will be restructured into an installment payment plan calling for consecutive monthly payments to pay the secured amount determined herein in cash and in full. The outstanding secured balance has been estimated in \$2,087,335.84. With the filing of this Chapter 12 plan all assignments in favor of Creditor, Banco Popular Puerto Rico are discontinued meaning that Suiza

Dairy, Inc. will pay directly to Debtor.

(i.) Creditor will commence receiving the restructured payment of the debt on December 2011. The payments to be received by creditor will be on the basis of consecutive monthly installments providing for the payment of the face amount with interests computed at a fixed 3.25%, during a period of fifty three (53) months but on amortization computed over thirty (30) years. Banco Popular Puerto Rico will receive the amount of \$9,384.22, out of which \$300.00 will be used to set up an escrow account. The remaining amount of \$9,084.22 will be applied to interest and principal as per the loan's amortization table; the before mentioned amount will commence on December 2011 up to April 2016.

(ii.) Upon completion of the plan, the remaining secured balance of \$1,892,077.08 and beginning on May 2016 and up to April 2023, that is for eighty four (84) months, Banco Popular Puerto Rico will commence receiving payment that will be at an interest rate of 3.75% and amortized over a period of twenty (20) years. Starting in the 61 month of this plan, this discounted amount will be paid, with interest computed at a fixed rate of 3.75%, but on amortization computed over twenty (20) years, payable in monthly installments of no more than \$11,517.90, of which \$300.00 are to be applied to an escrow account and the remaining \$11,217.90 to be applied to principal and interest as per the amortization table included in Exhibit D. These payments will start following the consummation of the plan and will continue until April 2023. Refer to the loan calculator tables enclosed herein as **Exhibit D**.

(iii.) After the eighty four (84) months period has elapsed Debtors restructure the remaining balance of \$1,383,385.10. Beginning on May 2023 and up until full payment on April 2033, Banco Popular Puerto Rico will commence receiving payment that will be at an interest rate of 4.25% and amortized over a period of ten (10) years. Starting on May 2023 debtors will commence making payments of \$14,471.06, of which \$300.00, will be applied to an escrow account and the remaining \$14,171.06 to be applied to principal and interest as per the loan amortization table enclosed. Refer to **Exhibit D**.

If at any moment, Debtors decide to sell or refinance there will be no penalties as to the unpaid balance. Regarding the security agreements over personal property, this creditor will retain unaltered the legal and contractual rights over the property serving as collateral until full payment of the secured amount as detailed in the plan, except to the assignment of the milk production payments paid by Suiza Dairy, Inc.

With the filing of this Chapter 12 plan all assignments in favor of Creditor, Banco Popular Puerto Rico are discontinued meaning that Vaqueria Tres Monjitas, Inc. will pay directly to Debtor. The payments proposed derive from the milk production proceeds. Creditor will receive monthly payments through the Chapter 12 Trustee as described above. Upon completion of the plan will continue making monthly payments directly to creditor as described above up until full payment of the outstanding secured claim as stated in the reorganization plan.

Any additional amount due to this creditor in excess of the secured amounts, as stated herein, shall be deemed as general unsecured claim, with this remaining amount included

within class 5 of the plan.

IV. CLASS 4 – CRIM – SECURED CLAIM, PROOF OF CLAIM NO. 5

Centro de Recaudación de Ingresos Municipales (“CRIM”) filed a proof of claim in the amount of \$11,972.06 (Claim no. 5). The amounts claimed by creditor CRIM are not owed by debtors. The property number pertains to another property not belonging to them. Debtors are exempt of property taxes since they are bona fide farmers. Debtors reviewed the property tax exemption at the regional office of CRIM at Aguadilla. As per debtors’ certification the property is current in the property taxes. Creditor will not receive any kind of disbursement from the Chapter 12 Trustee. Enclosed certification as Exhibit H; see also Exhibit G.

V. CLASS 5 – GENERAL UNSECURED CREDITORS

General unsecured creditors considering those listed by debtors, those who filed a proof of claim and those secured creditors, who have agreed to be considered part of their claim as unsecured, are included in this class. The debt under this class has been estimated by debtor in the amount of no more than \$40,565.62, including the corresponding interest prime rate.

Summary Of Plan Payments

The Trustee will disburse payments to the secured creditors described above. The proposed payment schedule through the Chapter 12 Trustee for all creditors will be:

- Monthly payments of \$6,000.00 for seven (7) months, for a total of **\$42,000.00** and;
- Monthly payments of \$11,440.00 for fifty three (53) months, for a total of **\$606,320.00**.

The total amount of the plan base is **\$648,320.00**. These payments will be paid directly by Debtor to the trustee from the business operations, named Vaqueria Montania.

Each Class 5 claimant shall receive from the trustee 100% dividends plus interest (3.25%) during a period of five (5) years, these payments starting thirty (30) days after the confirmation of the plan, on the basis of consecutive monthly installments providing for the payment of the face amount, as per the Schedule Payments under the Plan of Reorganization enclosed herein as **Exhibit C**.